

Message Text

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AMEMBASSY LONDON

C O N F I D E N T I A L SECTION 01 OF 02 OECD PARIS 12562

E.O. 11652: GDS

TAGS: EGEN, OECD

SUBJECT: MAY 16 HEADS OF DELEGATION DISCUSSION OF
MINISTERIAL PREPARATIONS

1. SUMMARY. MAY 16 HEADS OF DELEGATION MEETING FOCUSED ON
ON A) PREPARATIONS FOR POSSIBLE DECLARATIONS OR COMMUNI-
QUE LANGUAGE ON COMMODITIES AND RELATIONS WITH LDCS,
B) MANDATE AND MODALITIES OF ESTABLISHING HIGH LEVEL
GROUP ON COMMODITIES AND RELATIONS WITH LDC, AND C)
PROPOSED OVERALL REVIEW OF ECONOMIC RELATIONS WITH LDCS.
CONSENSUS WAS THAT MINISTERS SHOULD NOT INVOLVE THEM-
SELVES WITH PROCEDURAL ARRANGEMENTS FOR SETTING UP HLG
AND REVIEW OF RELATIONS WITH LDCS, ALTHOUGH MINISTERIAL
CONCLUSIONS AND COMMUNIQUE SHOULD DIRECT THE ORGANIZA-
TION TO UNDERTAKE THESE EXERCISES AND PROVIDE POLITICAL
IMPETUS. MOST DELEGATES WHO SPOKE FAVORED DECLARATION
ON RELATIONS WITH LDCS FOLLOWING FIRST DAY'S DISCUSSION,
BUT QUESTION OF WHETHER COMMODITIES SHOULD BE TREATED
IN DECLARATION OR ONLY IN COMMUNIQUE WAS LEFT OPEN.
END SUMMARY.

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2. VAN LENNEP EXPRESSED VIEW THAT TIME BETWEEN NOW AND

MINISTERIAL SHOULD BE DEVOTED PRIMARILY TO PREPARATION OF LANGUAGE- ON COMMODITIES AND RELATIONS WITH LDCS RATHER THAN ON PROCEDURAL QUESTIONS OF SETTING UP COMMODITIES HLG AND NORTH/SOUTH REVIEW. HE APPEARED TO FAVOR ESTABLISHMENT OF LATTER EXERCISES BY COUNCIL IMMEDIATELY FOLLOWING MINISTERIAL, WHICH SHOULD AVOID GETTING BOGGED DOWN OVER PROCEDURAL QUESTIONS AND LIMIT ITSELF TO PROVIDING POLITICAL IMPETUS TO DECISIONS TO BE TAKEN LATER. HE THOUGHT IN PARTICULAR THAT MINISTERS SHOULD AVOID DISCUSSING INSTITUTIONAL ASPECTS OF NORTH/SOUTH REVIEW, SINCE VIEWS OF DELEGATIONS WERE DIVIDED OVER ROLE OF XCSS, DAC, ETC. HE REFERRED TO UK PROMISE TO PRESENT LANGUAGE ON RELATIONS WITH LDCS AND SAID HE EXPECTED TO PROPOSE CONCRETE LANGUAGE ON COMMODITIES AND NORTH/SOUTH RELATIONS TO HEADS OF DEL ON MAY 20. NOTING THAT REPRESENTATIVES TO XCSS APPEARED COOL TOWARD SEPARATE DECLARATION ON COMMODITIES, VAN LENNEP INDICATED AN INCLINATION TOWARD TREATING COMMODITIES ONLY IN COMMUNIQUE, LIMITING SEPARATE DECLARATION TO MORE GENERAL ONE ON RELATIONS WITH LDCS.

3. IN ENSUING DISCUSSION, FRENCH PERMREP AGREED IN GENERAL WITH VAN LENNEP'S PRESENTATION, ALTHOUGH HE SAW SOME MERIT IN DECIDING MANDATE FOR HLG PRIOR TO MINISTERIAL ALONG LINES OF JOLLES' SUMMATION AT XCSS. US REP (KATZ) CALLED FOR FLEXIBILITY ON QUESTION OF DECLARATIONS; WE SHOULD AGREE UPON CONTENTS OF LANGUAGE ON COMMODITIES AND RELATIONS WITH LDCS BEFORE DECIDING WHETHER THERE SHOULD BE ONE, TWO OR NO DECLARATIONS. HE CITED SECRETARY'S KANSAS CITY SPEECH AS FORMING IMPORTANT BASIS FOR OECD APPROACH TO COMMODITIES ISSUES. HE AGREED THAT MINISTERS SHOULD NOT GO INTO PROCEDURE FOR SETTING UP HLG BUT NOTED THAT XCSS HAD AGREED TO BE ON CALL TO MEET JUST PRIOR TO MINISTERIAL AND THOUGHT THAT HLG GROUP SHOULD BE ESTABLISHED WITH MANDATE ALONG LINES OF JOLLES SUMMATION BEFORE OR DURING MINISTERIAL BY PERMREPS, COUNCIL OR XCSS. GOAL WOULD BE TO TRY TO PUT TO PUBLIC A COMPLETE PACKAGE AT END OF DAY ONE. US REP SAID WE FAVORED OVERALL REVIEW ON RELATIONS WITH LDCS, NOTING THAT US REP TO

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XCSS HAD POINTED OUT THAT WORK ON COMMODITIES IS ONE SPECIFIC ELEMENT IN WORKING OUT AN INTEGRATED APPROACH WITH LDCS.

4. IN DETAILED EXPOSITION OF HIS VIEWS ON COMMODITIES ISSUE, VAN LENNEP EXPRESSED CONCERN OVER TENDENCY TO VIEW OECD WORK EXCLUSIVELY AS AN ASPECT OF NORTH/SOUTH RELATIONS. WHILE DEVELOPING COUNTRIES ARE

RELATIVELY MORE DEPENDENT ON COMMODITIES EXPORTS, PRODUCER-CONSUMER RELATIONSHIPS ARE NOT SAME THING AS NORTH/SOUTH RELATIONSHIPS AND HARDEST-HIT COUNTRIES ARE ALSO LDCS. THUS HE OPPOSED TENDENCY TO DIRECT COMMUNIQUE LANGUAGE OR DECLARATION EMANATING ON COMMODITIES FROM MINISTERIAL MAINLY TOWARD EFFECTS ON RELATIONS WITH LDCS.

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WHILE THIS IS IMPORTANT ASPECT, HE SAID HE VIEWS COMMODITY PROBLEM AS BROADER AND LONGER-RANGE ONE, INVOLVING ECONOMIC SELF-INTEREST OF OECD COUNTRIES IN RELATIVE STABILITY AND IN ADEQUATE INVESTMENT. QUESTION WAS PROPER MANAGEMENT AND ALLOCATION OF WORLD RESOURCES. HE FELT THAT LANGUAGE FLOWING FROM MINISTERIAL SHOULD REFLECT THAT BROADER CONTEXT, MAKING CLEAR COMMODITIES POLICIES ARE NOT SOLUTION TO DEVELOPMENT PROBLEMS, AND PLACING EMPHASIS ON BROADER QUESTION OF DC-LDC RELATIONSHIPS INCLUDING INDUSTRIALIZATION, MARKET ACCESS, TECHNOLOGY TRANSFER AND LDC ROLE IN WORLD ORGANIZATIONS. SECGEN'S APPARENT PREFERENCE FOR TREATING COMMODITIES IN

COMMUNIQUE RATHER THAN SEPARATE DECLARATION SEEMED TO STEM AT LEAST IN PART FROM DESIRE THAT MINISTERS EMPHASIZE MORE STRICTLY ECONOMIC ASPECTS OF THE PROBLEM THOUGH HE ACCEPTED THAT MINISTERIAL STATEMENT ON COMMODITIES COULD BE HELPFUL IF ACCOMPANIED BY BROADER INDICATION OF OECD WILLINGNESS TO WORK ON DC-LDC RELATIONSHIP.

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5. ON RELATIONS WITH LDCS, SWEDISH AND DANISH DELEGATIONS SOFTENED SOMEWHAT THEIR EARLIER OPPOSITION TO OVERALL REVIEW IN OECD AND SEEMED TO ACCEPT INEVITABILITY THAT IT WOULD BE UNDERTAKEN IN SOME FORM.

6. SUMMING UP AT END OF MEETING, VAN LENNEP SAID HE WOULD PRESENT ON MAY 20 DRAFT MINISTERIAL CONCLUSIONS ON COMMODITIES AND RELATIONS WITH LDCS WHICH COULD BE USED AS LANGUAGE FOR COMMUNIQUE. HE WOULD ALSO MAKE CONCRETE PROCEDURAL PROPOSALS FOR ESTABLISHMENT OF COMMODITIES HLG, LEAVING OPEN QUESTION OF WHEN ACTION WOULD BE ACCOMPLISHED. ON REVIEW OF RELATIONS WITH LDCS, HE WOULD DRAFT LANGUAGE FOR MINISTERIAL DISCUSSION WHICH WOULD CLEARLY ASK MINISTERS TO DECIDE WHETHER THE REVIEW SHOULD BE UNDERTAKEN BUT WOULD NOT MAKE INSTITUTIONAL PROPOSALS IN VIEW OF DIVERGENCE OF VIEWS AMONG DELEGATIONS. HE INDICATED THAT DRAFT COMMUNIQUE LANGUAGE ON TRADE PLEDGE AND AREAS OTHER THAN COMMODITIES AND RELATIONS WITH LDCS WOULD BE CIRCULATED THIS AFTERNOON. THIS WILL BE TRANSMITTED AS SOON AS RECEIVED BY IMMEDIATE SEPTEL.

7. AT LATE HOUR TODAY MAY 16 WE HEARD FROM VAN LENNEP ABOUT INCONSEQUENTIAL RESULTS OF EC BRUSSELS DISCUSSIONS WHICH ARE BEING REPORTED SEPARATELY BY USEC. VAN LENNEP CHARACTERISTICALLY TOLD US HE WAS NOT AT ALL DISAPPOINTED AT FACT THAT EC HAD NOT MANAGED TO AGREE ON A DIKTAT TO THE REST OF OECD. SINCE BRITISH DRAFT ON RELATIONSHIPS WITH LDCS IS BASICALLY POOR DOCUMENT VAN LENNEP IS PLEASED AT OPPORTUNITY THIS PROVIDES FOR SECRETARIAT DRAFT TEXT TO FORM BASIS OF DISCUSSION MAY 20. HE WAS, HOWEVER, CONCERNED AT REPORTED UNEXPECTEDLY OBDURATE POSITION OF FRENCH IN BRUSSELS AND IS WORRIED THAT THIS MAY BE PORTENT OF DIFFICULTIES WITH THEM AT MINISTERIAL. VAN LENNEP HAS COMMENTED TO BRITISH INTER ALIA THAT HE DID NOT LIKE REFERENCE IN THEIR DRAFT DECLARATION TO "UNACCEPTABLE" GAP BETWEEN DEVELOPING AND DEVELOPED COUNTRIES AND TO MAKING GREAT PROGRESS AT SEVENTH SPECIAL SESSION. BEYOND THAT HE THINKS DECLARATION DOESN'T SAY VERY MUCH AND SHARES OUR

VIEW THAT IT IS A POORLY DRAFTED DOCUMENT. WE UNDERSTAND
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THAT HE WILL TAKE TO LONDON TEXT WHICH HE WILL TELL HMG
HE INTENDS TO DISTRIBUTE TO HEADS OF DELEGATION ON TUES-
DAY AS BASIS FOR NEXT WEEK'S FINAL PREPARATION FOR
MINISTERIAL MEETING.
KATZ

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